

Message Text

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ACTION AF-04

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C O N F I D E N T I A L KINSHASA 9813

LIMDIS

E.O. 11652: GDS

TAGS: CG, ECIN, PFOR, ETEL

REF: KINSHASA 9647

1. DURING PRIVATE TALK WITH PRESIDENT MOBUTU NOVEMBER 20 I TOOK OCCASION TO RAISE SEVERAL ASPECTS OF OUR CURRENT EFFORTS TO HELP ZAIRE THROUGH ITS DIFFICULT ECONOMIC SITUATION. I SAID I WAS VERY ENCOURAGED BY THE RECENT AGREEMENT WHICH GOV. SAMBWA HAD WORKED OUT WITH THE PRIVATE BANKERS, LED BY CITIBANK, AND WHICH HAD THE SUPPORT AND PARTICIPATION OF THE IMF. I REGARDED THE PROGRAM AS IMPORTANT NOT JUST FROM THE STANDPOINT OF PROVIDING BADLY NEEDED BALANCE OF PAYMENTS ASSISTANCE BUT, EVEN MORE, AS AN OPPORTUNITY TO STRENGTHEN CONFIDENCE IN ZAIRE'S ECONOMY AND THEREBY FACILITATE THE RE-ESTABLISHMENT OF COMMERCIAL CREDIT FLOW.

2. I WENT ON TO EXPRESS THE HOPE THAT NOTHING WOULD ARISE TO IMPEDE THE PROMISING MOMENTUM WHICH I BELIEVED HAD ALREADY BEEN GENERATED. IN THIS RESPECT, I SAID, THERE WERE A COUPLE OF POTENTIAL PROBLEMS WHICH I PERCEIVED AND WHICH I BELIEVED THE PRESIDENT WOULD WANT TO BEAR IN MIND. THE FIRST RELATED TO THE EXTENDED EFFORTS TO ACHIEVE AN EQUITABLE ARRANGEMENT AMONG
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THE FORMERLY NATIONALIZED OIL COMPANIES. I REFERRED TO OUR

PREVIOUS CONVERSATION ON THIS MATTER SOME MONTHS AGO IN WHICH I STRESSED THE IMPORTANCE OF WORKING OUT A FORMULA WHEREBY US COMPANIES WOULD HAVE A FAIR SHARE OF FUTURE MARKETING AND MANAGEMENT, PARTICULARLY VIS-A-VIS THEIR FOREIGN (I.E., BELGIAN) COMPETITORS. I SAID I HAD BEEN PLEASED THAT SINCE THEN GUIDELINES FOR FUTURE OPERATIONS HAD IN FACT BEEN ESTABLISHED WHICH WERE GENERALLY SATISFACTORY TO THE US COMPANIES AND WHICH HAD BEEN CONFIRMED IN WRITING BY THE GOZ. I WAS THEREFORE CONCERNED BY RECENT REPORTS (REFTEL) THAT, INSTEAD OF COOPERATING WITH OUR COMPANIES IN REACHING AN EQUITABLE MANAGEMENT FORMULA IN ACCORDANCE WITH GOZ GUIDELINES, PETROFINA WAS PRESSING FOR AN ARRANGEMENT THAT WOULD GIVE IT A CONTROLLING POSITION. I STRESSED THAT MOBIL AND TEXACO REMAINED READY TO COOPERATE FULLY IN RESOLVING THIS PROBLEM, AND THAT A SATISFACTORY OUTCOME WOULD OBVIOUSLY HAVE A FAVORABLE IMPACT ON ATTITUDES AMONG OTHER US PARTIES -- BOTH PRIVATE AND OFFICIAL -- CAPABLE OF ASSISTING ZAIRE.

3. MOBUTU SAID HE UNDERSTOOD THE PROBLEM AND ACKNOWLEDGED THAT PETROFINA "WANTS TO HAVE EVERYTHING". HE WENT ON TO NOTE THE VISIT HERE NEXT WEEK OF THE PRESIDENT OF MOBIL-SOUTH (FOR WHOM I HAD ALREADY REQUESTED AN APPOINTMENT WITH THE PRESIDENT) AND INDICATED HE WOULD CONSIDER THE MATTER FURTHER PRIOR TO THAT TIME.

4. REFERRING TO ANOTHER POSSIBLE IMPEDIMENT TO THE FAVORABLE MOMENTUM ALREADY MENTIONED, I SAID IT WAS UNDERSTANDABLE THAT THE BANKS AND OTHER DONOR ENTITIES WOULD LOOK TO ZAIRE TO CONTINUE MAKING EVERY EFFORT TO IMPLEMENT ITS AUSTERITY PROGRAM; SPECIFICALLY, TO AVOID SIGNING ANY CONTRACTS FOR NEW PROJECTS THAT WOULD ENTAIL AN INCREASE IN THE DEBT REPAYMENT BURDEN, PARTICULARLY OVER THE NEXT ONE TO TEN YEARS. MOBUTU AGAIN SAID HE UNDERSTOOD THE PROBLEM.

5. COMMENT: THERE IS NO QUESTION THAT MOBUTU FULLY COMPREHENDS THE IMPORTANCE TO US OF A FAIR SETTLEMENT FOR THE NATIONALIZED OIL COMPANIES. WE SHOULD KNOW SHORTLY TO WHAT EXTENT US INTERESTS IN THIS DIFFICULT, DRAWN-OUT AFFAIR WILL BE UPHELD. AS FOR NEW PROJECTS, I DID NOT FEEL IT WAS NECESSARY OR ADVISABLE TO GO DIRECTLY INTO THE DOMSAT AFFAIR AT THIS TIME. WE HAVE ALREADY EXPRESSED OUR CONCERN ON THAT ONE AT A NUMBER OF OTHER LEVELS, CONFIDENTIAL

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INCLUDING SAMBWA, BOFOSSA, AND NGUZA, AND CERTAINLY THE PRESIDENT IS AWARE OF OUR GENERAL VIEW OF SUCH CONTRACTS (E.G., MY TWO PREVIOUS REPRESENTATIONS ON THE PLAN TO PURCHASE A PRESIDENTIAL EXECUTIVE AIRCRAFT). UNLESS THE DEPARTMENT CONCLUDES OTHERWISE, I SUGGEST THAT, IN ADDITION TO OUR PREVIOUS RECOMMENDATION THAT WE CONSULT INFORMALLY WITH IMF AND BANKERS RE THEIR REACTIONS, WE WAIT AND ASSESS THE RESULTS OF MY LATEST TALK WITH MOBUTU BEFORE DECIDING WHETHER AND HOW TO HANDLE DOMSAT DIRECTLY WITH

THE PRESIDENT.
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